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Head of Multi-Manager
Bank of Ireland
Investment Markets

ifunds Alpha Returns		
	ifunds 3 Alpha	ifunds 4 Alpha
Q1 2020	-8.8%	-11.8%
1 Year	-3.7%	-5.2%
3 Years	+0.2%	+1.1%
5 Years	+4.9%	+6.6%

Source: Bank of Ireland Investment Markets. Performance of each of the iFunds Alpha funds as at 1 April 2020 is quoted gross of tax and charges.

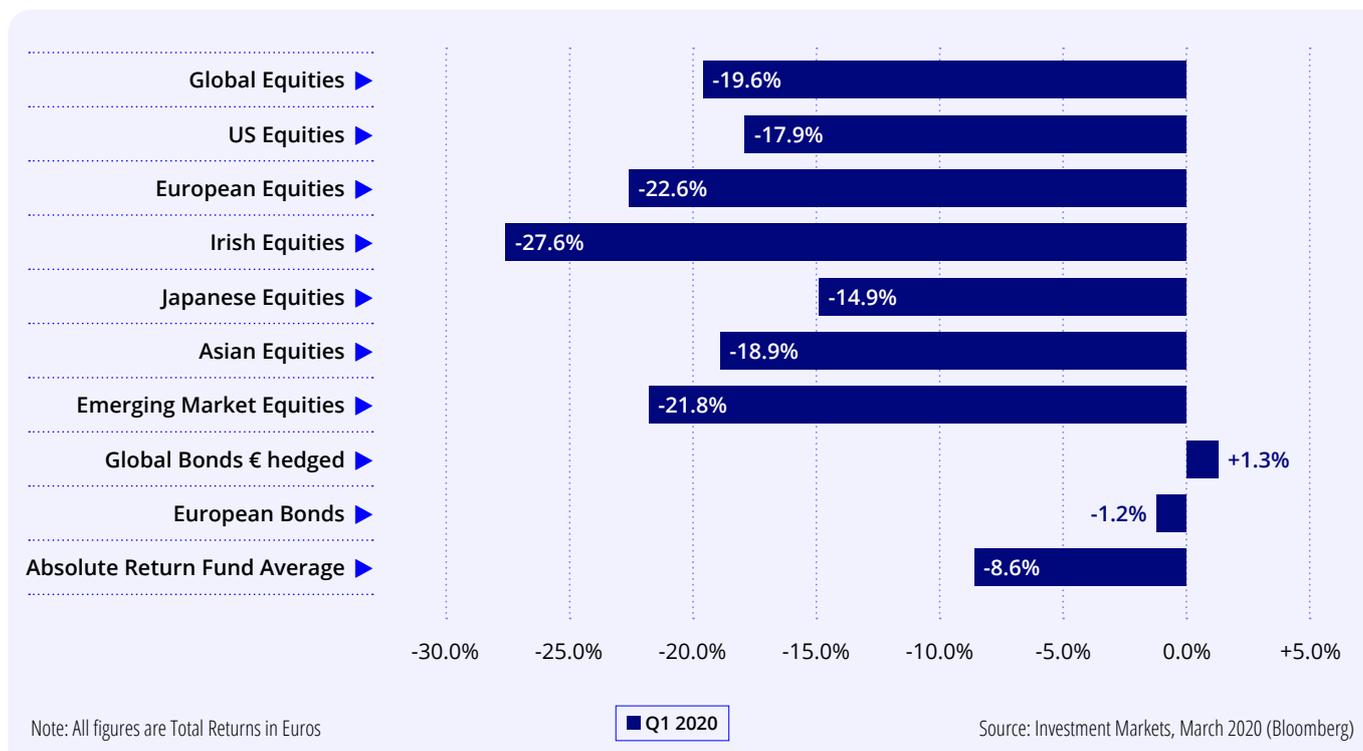
Note: On 5 July 2019, the PBIS Conservative Fund was renamed iFunds 3 Alpha and the PBIS Balanced Fund was renamed iFunds 4 Alpha.

Performance Commentary

- ▶ The outbreak of the global Covid-19 pandemic meant that equity markets had their worst quarter in ten years and the longest bull run in markets came to an end. Equities were down 20% in the quarter as the coronavirus spread beyond China. In addition a price war between Saudi Arabia and Russia saw the oil price fall 66% to a twenty year low.
- ▶ Central Banks responded to the crisis by cutting interest rates sharply and quickly restarting their bond buying Quantitative Easing programmes. While these actions won't impact the spread of the virus they are aiming at insuring that companies and banks have ample access to liquidity and lending.
- ▶ Governments responded by announcing record stimulus packages aimed at companies, individuals and state agencies impacted by the economic shutdowns which were required to stem the spread of the virus.
- ▶ Investors sold 'risk assets' such as equities, commodities and corporate bonds and bought 'safe haven' assets such as cash, government bonds and the Dollar.
- ▶ We believe the current sell off in markets is likely to provide a buying opportunity for the long term investor but the difficulty is in establishing an entry point that provides a reasonable margin of safety. Therefore we are likely to be cautious and gradual. Equity markets hit their lows on 19th March and have rebounded since. We invested 4% into equities in each fund in March and have scope to add further.

WARNING: Past performance is not a reliable guide to future performance.

Market Return and Commentary



Equities

- ▶ The longest bull run in history ended with a 20% decline in the quarter. Markets were hit by the outbreak of the Coronavirus coupled with a dramatic fall in the oil price after OPEC and Russia failed to agree production cuts.
- ▶ The best performing sectors were Technology (-12%) and defensive sectors such as Healthcare (-10%), Consumer Staples (-12%), and Utilities (-12%).
- ▶ The poorest performing sectors were Energy (-44%) and Financials (-31%).

Bonds

- ▶ The US Federal Reserve responded to the crisis by cutting interest rates twice in two weeks by a cumulative 1.5%. It also committed to unlimited purchases of Treasuries and \$300 billion of corporate loans. The European Central Bank announced a €770 billion bond buying programme and President Christine Lagarde said there was no limits to what they could do. These actions are aimed at ensuring adequate liquidity to allow debt markets to function.
- ▶ These actions ensured that bond markets performed well with Government yields hitting record lows while losses on good quality investment grade corporate debt were limited.

Currencies

Despite the US rate cuts, the Dollar was the main winner in currency markets as investors sought a 'safe haven'. It gained 2% against the Euro and 6% against Sterling. Other 'safe haven' currencies that strengthened include the Japanese Yen and Swiss Franc.

Commodities

Oil fell 66% to \$20.5 in the quarter to its lowest level in 20 years. Lower economic activity was already hitting demand as OPEC and Russia failed to agree production cuts. Instead both cut prices and increased production in an all out price war.

Alternatives

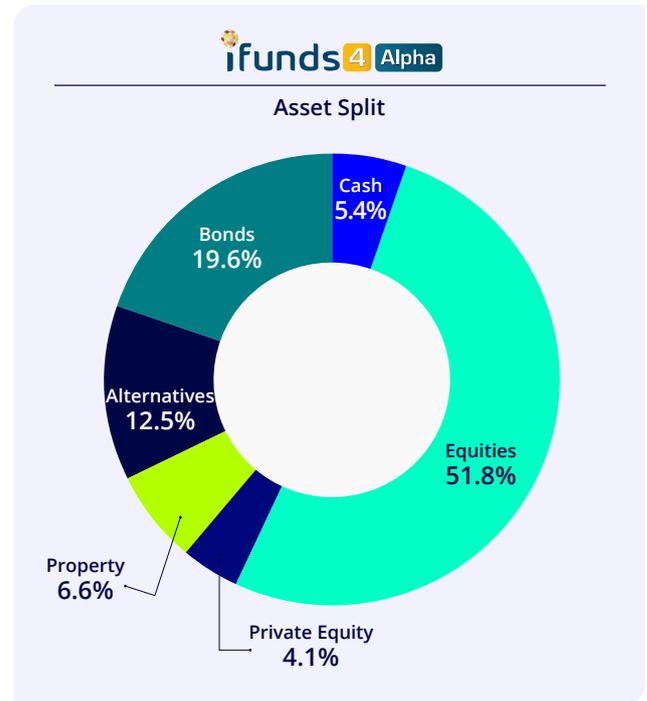
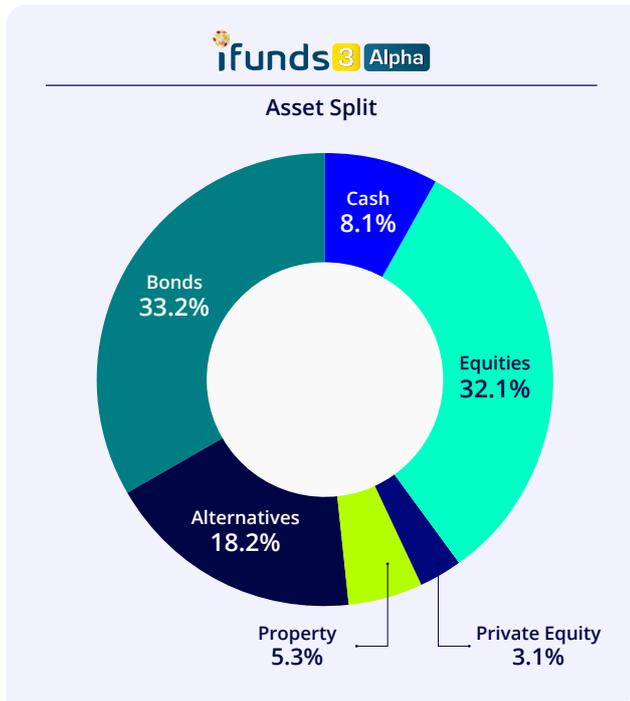
There was a wide dispersion in Alternative manager returns due to the huge volatility in markets. Macro strategies did best while Equity strategies saw the biggest losses in the quarter.

Source: Investment Markets, March 2020 (Bloomberg)

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Fund Asset Splits

as at 31 March 2020



Source: Investment Markets, 31 March 2020, and will change over time.

WARNING: Past performance is not a reliable guide to future performance.
WARNING: These funds may be affected by changes in currency exchange rates.
WARNING: The value of your investment may go down as well as up.
WARNING: If you invest in these funds you may lose some or all of the money you invest.

Terms and conditions apply. Exit tax (up to 41% currently) applies to gains on life assurance investment policies. A Government levy (currently 1% of the premium amount) applies to all premiums paid to a life assurance policy.

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